



# Banking & Insurance Quarterly

Information for New Jersey's Banking, Insurance and Real Estate Industries

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## A MESSAGE FROM THE COMMISSIONER



*Holly C. Bakke, New Jersey's new commissioner at the Department of Banking and Insurance, is a familiar face in a new role. Prior to accepting her appointment, Commissioner Bakke served as executive director of the New Jersey Property-Liability Insurance Guaranty Association, the New Jersey Surplus Lines Insurance Guaranty Fund, and the New Jersey Medical Malpractice Reinsurance Association. She also served as Deputy Commissioner of Insurance Litigation Practices during the administration of Gov. Thomas H. Kean. Commissioner Bakke is a member of the New Jersey State Bar Association and has chaired the Alternate Dispute Resolution and Judicial Administration committees. Commissioner Bakke is a graduate of Drew University and received her law degree from Seton Hall University.*

All the world divides life into before and after September 11, 2001, but for the worlds of insurance and banking, the ground continues to shift. Both industries felt the loss of friends and colleagues, but as professionals we must also deal with an economic landscape forever changed. "Terrorism" was rarely if ever a factor in underwriting; today it is commonplace. We can no longer take for granted the way we do business, keep records, store securities, open mail, or even the way we come and go at the office.

For the insurance industry in particular, the new reality is harsh. The signs of a cyclical downturn were upon us before the tragedy, and now the industry faces the crushing losses of that day – estimated at \$40 billion. Rates across all lines of business are rising, in some cases by 100 percent.

As commissioner, I see the effects of this hardening of the market every day. I receive letters and e-mail from doctors who cannot find malpractice coverage or can't believe the huge increase in the cost of their premiums. In many cases, premium costs have tipped past the \$10,000 mark, giving the Department far less oversight of the rates.

Many carriers are experiencing problems. The good news is that there are a few ways we can help.

We have an excellent, seasoned staff to guide troubled insurers back to viability, or, when that is not possible, to make sure policyholders find coverage elsewhere. In certain cases, we will be reaching out to carriers with the ability to write additional policies to help close gaps in coverage.

Voices from the insurance industry are among those taking part in the Auto Working Group, which also includes consumer advocates, attorneys and doctors who are looking at short- and long-term solutions

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## SPECIAL DEPUTY COMMISSIONER APPOINTED TO OVERSEE AUTO INSURANCE

Rolando Torres Jr. of Lawrenceville has been named Special Deputy Commissioner for Auto Insurance.

Torres, an attorney, has been a public servant for most of his legal career. Prior to joining the Department, he was vice president and corporate counsel at Prudential Insurance Co. of America. His first assignment at the Department will be to facilitate the Commissioner's newly established working group studying auto insurance.

"Rolando Torres brings with him a special expertise in consensus building and reconciling diverse interests on public policy issues, as well as two decades' worth of public sector experience," Commissioner Holly C. Bakke said. "He is a welcome addition to the Department of Banking and Insurance and to state government."

Prior to working at Prudential, Torres served as Director of the Division on Civil Rights within the Department of Law and Public Safety, where he was credited with

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## WORKING GROUP CONVENED TO EXAMINE NEW JERSEY'S AUTO INSURANCE SYSTEM

Banking and Insurance Commissioner Holly C. Bakke has convened a working group of consumer advocates, medical providers, attorneys and insurance industry representatives to examine New Jersey's auto insurance system and propose improvements. The working group is just one part of the Department's ongoing outreach efforts.

"I have asked representatives who are closest to this issue to come to the table with ideas that, if implemented, would bring new insurance companies to New Jersey and improve the auto insurance system for citizens, Commissioner Bakke said.

Thirty professionals are participating in the working group, which is divided into three round tables. One team will

examine what improvements need to be made to the existing auto insurance system. A second round table will investigate ways of promoting a competitive marketplace. The third group will explore ideas for more fundamental changes. The Department will continue to meet with other interested parties during this process, and is open to all ideas for improving auto insurance in New Jersey.

Commissioner Bakke said the working group will provide insights into a matter of concern to all New Jersey policyholders, and give perspectives needed to develop solutions that provide real benefits to the citizens of New Jersey.

### MESSAGE

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for New Jersey's auto insurance marketplace. (See related article.)

As commissioner, I am also committed to fighting two longstanding problems: insurance fraud and uninsured motorists. Our Department has been working closely with the Office of the Insurance Fraud Prosecutor, part of the Department of Law and Public Safety, to combat and prevent fraud. I have instructed our enforcement staff to develop new tests to be part of our Market Conduct Exams that will tell us whether insurers are doing their part to combat fraudulent practices.

Included in this issue are two announcements from the Fraud Prosecutor. Expect to hear more about enforcement, from that office and from us. I am committed to publicizing our enforcement actions so that consumers can make good choices and so everyone who helps pay for enforcement – including industry — knows how funds are being spent.

I am committed to fostering a competitive marketplace, for that is the best way to offer choices to New Jersey consumers. To do that, we need your ideas and energy more than ever. Our responsibility as regulators to meet the public's needs goes hand in hand with our need to hear from you as well.

## THREE NAMED TO REAL ESTATE COMMISSION

Three new members have joined the New Jersey Real Estate Commission since last fall. Denise Flanagan and Arlene Pereksta were appointed in October 2001, and Robert L. Rose was named in January 2002 to the eight-member commission.

Flanagan is from Morris County and has been licensed as a broker-salesperson with Coldwell-Banker Real Estate Services since 1991. Pereksta hails from Passaic County and was appointed as a public member of the Commission. Rose is from Somerset County and has been Broker of Record of his own firm, Bob Rose Realty, Inc., since 1985.

The Commission is comprised of five broker-members, two public members, and a departmental appointee.

### SPECIAL DEPUTY

*Continued from page 1*

implementing management reforms to reduce the agency's significant case backlog. He also was Law and Public Safety's Assistant Director of Enforcement, where he investigated employment, housing and public accommodations discrimination.

Torres also served as special counsel to the former New Jersey Department of the Public Advocate. Before that, he was an Assistant Deputy Public Defender with the New Jersey Office of the Public Defender.

Mr. Torres received his law degree from Rutgers University School of Law, Newark, in 1982. He also is a graduate of Herbert H. Lehman College, Bronx, N.Y.

## LEGAL UPDATE

In separate opinions, the Appellate Division of the Superior Court of New Jersey recently affirmed two Commission actions. The matters involved denials by the Commission of applications to reinstate the salesperson licenses of individuals whose licenses had remained inactive for more than two years from the expiration date of the last license they held. Pursuant to N.J.S.A. 45:15-9, persons whose salesperson licenses have “lapsed” in that manner must requalify by again completing the salesperson’s preclearance education course and passing the state license examination in order to qualify for relicensure.

In *Valle v. New Jersey Real Estate Commission*, decided September 6, 2001, the former licensee’s license had expired in 1997 and had not been renewed or reinstated in a timely manner. However, she asserted that a broker with whom she believed her license had been renewed had represented to her that her license would be held by his firm, that no further action was required on her part, and that she need not renew the license on her own. On that basis the licensee contended that she should not be required to requalify as provided in N.J.S.A. 45:15-9 in order to reinstate her license in late 1999.

In rejecting her position the court stated, “We emphasize that, even if appellant relied on the erroneous statements made by [the broker] she is not entitled to an exemption from the requirements of N.J.S.A. 45:15-9. First, the license is personal to appellant. She has the obligation, as a licensed real estate salesperson, to insure proper renewal of her license. Second, appellant could have inquired directly to the Commission regarding the status of her license or any renewal request. Third, from the moment that a license is issued, the date of its expiration is clear. Therefore, appellant should have known that her last license was due to expire on June 30,

## REAL ESTATE SHORT SUBJECTS

### Commission’s Web Site Redesigned

The Real Estate Commission’s web site at [www.state.nj.us/dobi/remnu.htm](http://www.state.nj.us/dobi/remnu.htm) has been redesigned. The new format simplifies access to the extensive information contained on the site, including notices of recent rulemaking activity, Frequently Asked Questions on licensing and other topics, lists of licensed real estate schools and past issues of newsletters.

### Caution To Brokers

One real estate office learned a lesson the hard way recently: If you close an escrow account and open a new one, be sure to destroy all of the unused blank checks from the closed account. The Commission has learned that staff in the office inadvertently used blank checks from a closed escrow account. The new and old accounts were with the same bank, and the checks were the same color. At first, the broker didn’t notice he was signing checks from the old account. Once the problem emerged, the broker and the bank worked together to locate those who received the bad checks and make proper disbursement of funds held in the new escrow account. However, the broker could have saved himself some stress by destroying leftover checks from the old account.

### Caution to Salespersons and Broker-salespersons

The Pennsylvania Real Estate Commission recently imposed sanctions upon a salesperson who held the “Accredited Buyer Representative” or “ABR” designation issued by the National Association of Realtors®. The licensee was fined for advertising herself as an “Accredited Buyer Broker”. Licensees who operate as buyer’s agents should be careful to avoid misrepresenting their licensed status by referring to themselves, in print advertising or elsewhere, as a “buyer-broker”.

1997. It was her responsibility to renew it in a timely fashion pursuant to N.J.S.A. 45:15-9.”

In *Murphy v. Department of Banking and Insurance, Real Estate Commission*, decided on January 2, 2002, the former licensee averred that the broker with whom she had been affiliated failed to inform her that her license had been returned to the Commission and, consequently, rendered inactive prior to its 1997 expiration date. She argued that, as a result of her failure to receive the notification from her broker, she was denied due process of law when the Commission denied her July 2000 application to reinstate her license. In support of her position the licensee relied upon N.J.S.A. 45:15-14, which requires

brokers who terminate a salesperson’s affiliation with their firm to provide written notice to the salesperson when his or her license is returned by the broker to the Commission.

In rejecting that position, the court first noted that the notification requirement in N.J.S.A. 45:15-14 is intended to put all parties on notice that, as a result of the severance of the relationship between the salesperson and the terminating broker, the salesperson is no longer authorized to engage in brokerage activity, and cannot do so again until authorized by the Commission. The opinion continued by stating that:

“However, the licensee has the affirmative obligation to renew his or

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## HUD AND EPA CLARIFY LEAD-BASED PAINT DISCLOSURE REQUIREMENTS

Recently the agencies authorized to enforce the federal lead-based paint disclosure requirements confirmed that certain procedures typically followed by licensees do satisfy the requirements.

In response to questions submitted by the National Association of Realtors® and the Institute of Real Estate Management, the U.S. Department of Housing and Urban Development (HUD) and the U.S. Environmental Protection Agency (EPA) indicated the following:

- The lead-based paint disclosures required to be made to buyers may be made after the buyer's offer has been accepted by the seller, *provided that* the buyer has the unconditional right to void the contract upon receipt of the required disclosures from the seller and that the buyer has at least 10 days to have an inspection for lead-based paint hazards performed.
- Sellers and lessors may provide copies of a completed disclosure form to prospective buyers and tenants, with an acknowledgement of receipt to be signed by the buyer or tenant and returned to the seller or lessor with their offer. This procedure will be deemed acceptable provided that the documents that contain the original signatures of the parties can be supplied to HUD and EPA.

- Where a property is jointly owned by two or more individuals, it is sufficient for only one owner to complete and sign the disclosure form, provided that no other owners have any undisclosed information or records pertaining to lead-based paint hazards. Nonsigning owners remain liable to make a complete disclosure. A failure to disclose information that is known to any of the joint owners and is required to be disclosed would be a violation.

- The 1995 version of the EPA's "Protect Your Family From Lead In Your House" pamphlet may continue to be distributed by owners, notwithstanding that the pamphlet was republished in 1999. The revisions made at that time did not affect the validity of the information on lead-based paint included in the earlier version.

Additional information may be obtained by members of the NAR from its Web site, which was the source for the foregoing information. Any party may obtain information on the lead-based paint disclosure requirements by accessing HUD's Web site at [www.hud.gov/offices/lead/index.cfm](http://www.hud.gov/offices/lead/index.cfm).

### ***DID YOU KNOW.....?***

The Real Estate Commission's section of the Department's Web site now contains links that provide easy access to information that can assist licensees in properly and efficiently conducting brokerage activity.

Among these is a link that displays the complete text of the New Jersey real estate licensing law, N.J.S.A. 45:15-1, et seq. (It is anticipated that the text of all of the Commission's administrative rules will also be available at a future date).

Another link worth noting connects to the Department of Environmental Protection's Site Remediation Program. This program administers the Underground Storage Tank Fund, the Hazardous Discharge Fund, and the Spill Fund. Monies, in the form of loans or grants to qualified applicants, from one or more of these funds may be available to

owners of properties impacted by a leaking underground storage tank or some other type of hazardous discharge. Licensees involved in transactions that are, or may be affected by such a condition may find this site particularly helpful.

Links from the Commission's Web site have also been established to the Web sites of the New Jersey Housing and Mortgage Finance Agency, which contains information on state-sponsored financing programs for certain residential borrowers, the Division on Civil Rights' Housing Page, the New Jersey Redevelopment Authority, and the Brownfields Redevelopment Program in the Office of State Planning.

The Department will continue its ongoing efforts to enhance the quality and scope of the information accessible through its Web site, so as to render it an ever more valuable resource for licensees and the public.



## NEWS FROM: THE OFFICE OF THE INSURANCE FRAUD PROSECUTOR

New Jersey residents concerned about insurance cheating and who have any information about a fraud are encouraged to contact the Office of Insurance Fraud Prosecutor toll-free hotline at: 1-877-55-FRAUD, or visit the Web site at [www.NJInsurancefraud.org](http://www.NJInsurancefraud.org).

Housed in the Department of Law and Public Safety's Division of Criminal Justice and reporting to the Attorney General, the Office of the Insurance Fraud Prosecutor was established by the Automobile Insurance Cost Reduction Act of 1998 (AICRA). The Office is the centralized state agency that investigates and prosecutes civil and criminal insurance fraud, as well as Medicaid fraud. Criminal convictions for insurance fraud can result in fines and imprisonment; civil penalties can include substantial fines and referral for revocation or suspension of professional licenses.

### JERSEY CITY PAIR PLEAD GUILTY TO HEALTH INSURANCE FRAUD

Attorney General David Samson announced on May 13 that a Jersey City man and woman pleaded guilty to conspiring to use a false identity in order to obtain health insurance coverage in excess of \$80,000 from the New Jersey State Health Benefits Plan. The plan, administered by Horizon Blue Cross/Blue Shield, provides health benefits to state employees.

According to Peter C. Harvey, First Assistant Attorney General and Director of the Division of Criminal Justice, the defendants, Karl Stass, 45, and Tina Streater, 38, of Clendenny Avenue in Jersey City, pleaded guilty before Judge Elaine L. Davis, in Hudson County Superior Court.

Harvey noted that the indictment, returned by the State Grand Jury on February 26, 2002, charged conspiracy, health care claims fraud, attempted theft by deception and identity theft — all second-degree crimes. Stass was also charged with fourth-degree falsifying or tampering with records, and Streater was additionally charged with fourth degree forgery. The second-degree charges carry a maximum sentence of 10 years in state prison and a fine of up to \$150,000. Stass and Streater may also face civil insurance fraud fines pursuant to the civil Insurance Fraud Prevention Act.

At the guilty plea hearings, Stass, who pleaded guilty before Judge Davis May 10, and Streater admitted that between June 25 and August 14, 2000, they falsely represented that Tina Streater was Joan Stass (who was married to Karl Stass at the time) so that Tina Streater could obtain health insurance benefits from the New Jersey State Health Benefits Plan. Tina Streater also admitted that she sought treatment at Greenville Hospital in Jersey City as if she were Joan Stass, the coverage-eligible dependent wife of Karl Stass. Karl Stass admitted to falsifying a Greenville Hospital Emergency Service Record Form in connection with services rendered to Tina Streater. In total, the defendants attempted to collect \$86,826 from Horizon Blue Cross/Blue Shield. A total of \$57,595 was paid out by the insurance company.

State Investigator Hector Montano, Civil Investigator Christopher Wenger and Deputy Attorney General Sheri Tanne of the Office of the Insurance Fraud Prosecutor were assigned to the case. Tanne represented the State at the guilty plea hearing.

"Persons committing fraud against their health insurance plans by submitting phony claims is too common an occurrence. This case is particularly disturbing because it was committed against the New Jersey State Health Benefits Plan and thereby represents a theft of tax dollars," said Greta Gooden Brown, the Insurance Fraud Prosecutor.

Stass and Streater are scheduled to

appear before Judge Davis on July 26 to be sentenced.

### FUNERAL HOME OWNER, WIFE FOUND GUILTY IN PHONY LIFE INSURANCE POLICY SCHEME

Attorney General Samson announced on May 7 that a Bergen County man who is a licensed funeral director and his wife were found guilty by a Bergen County jury of crimes relating to fraudulently obtaining life insurance policies and attempting to make life insurance claims in order to obtain in excess of \$1.2 million.

William Conyers, 58, and his wife, Mollie, 57, both of Humphrey Street in Englewood, as well as a licensed insurance agent, L.C. Thomas, 51, of Hico Drive in Baker, Louisiana, were variously charged by a State Grand Jury on August 15, 2001, in an 11-count indictment with attempted theft in the second degree, falsifying records in the fourth degree, forgery in the fourth degree, and witness tampering.

The trial of William and Mollie Conyers began on April 15, 2002, but the criminal case as to L.C. Thomas remains pending in Court.

Following a 17-day jury trial held before Judge Patrick J. Roma in Bergen County, William Conyers was found

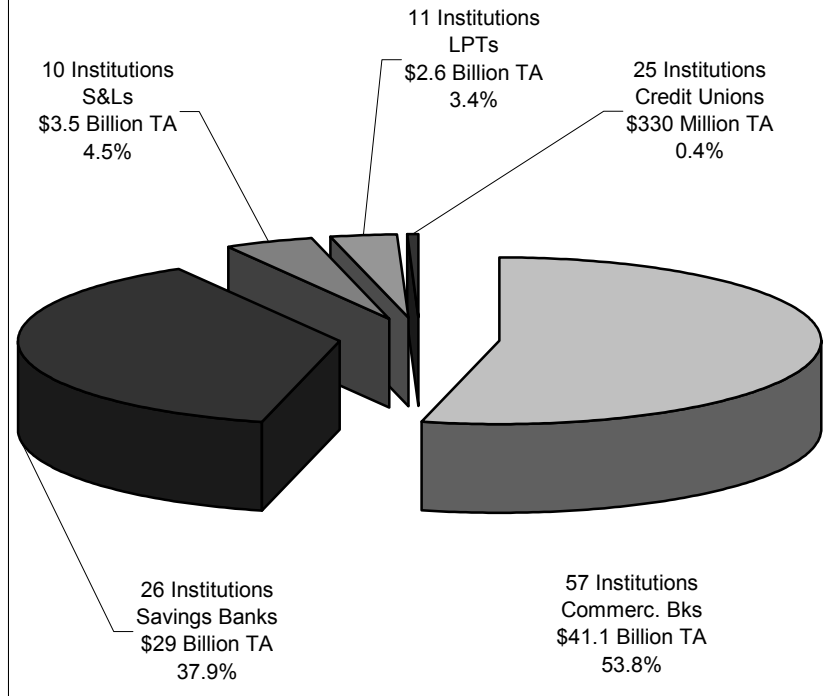
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## Division of Banking Status Report

New Jersey has 104 state-chartered banks, savings and loan associations (S&Ls), and limited purpose trust companies (LPTs), the same as its December 1999 total. Changes have occurred within the different types of institutions.

While the number of LPTs and S&Ls declined between 1999 and 2001, the number of state-chartered commercial banks rose, as new charter activity outpaced the effects of mergers. However, total assets of state-chartered banking institutions declined sharply, due to the merger of Summit Bank, with \$34.1 billion in total assets, and Fleet National Bank during the first quarter of 2001.

### Total Assets



**Profitability** is up overall, as return-on-average assets (ROA) for all state-chartered banking institutions rose from 1.07 percent at December 2000 to 1.26 percent at December 2001. This surge in profitability stemmed primarily from improved earnings for savings banks and commercial banks, whose ROAs rose from 0.96 percent to 1.02 percent and from 1.11 percent to 1.49 percent, respectively, during this period.

While net income of S&Ls slipped from 0.96 percent to 0.86 percent of average assets, the current level continues to reflect a trend of strong and consistent earnings. The rise in profitability for the industry comes largely from activities that do not collect interest, as the aggregate net-interest margin (NIM) fell along with steadily declining market

interest rates. Profits are up due to “fee and other noninterest income,” and, to a lesser extent, controlled overhead expenses. Banks were also able to support 2001 earnings with gains on securities sales as well as with slightly reduced loan loss provisions.

**Credit risk** is moderate. Within the aggregate loan and lease portfolio, the asset mix has shifted from a majority of commercial loans to 1-4 family residential mortgages. As of December 2001, commercial loans represented just 33 percent of total loans, down from 43 percent at the end of 2000; home mortgage loans comprised 57 percent of the aggregate portfolio, up from 48 percent at December 2000.

Along with the overall shift from higher- to lower-risk loans, the

aggregate loss reserve level has declined from 1.09 percent to 0.91 percent. Within the industry, savings banks and S&Ls have the lowest reserve levels at 0.69 percent and 0.62 percent, respectively, while commercial banks maintain a much higher reserve level at 1.14 percent.

These reserve rates, although somewhat diminished from the prior year, are consistent with risk levels indicated by both delinquency and loss experience.

Savings banks and S&Ls reported low delinquency rates at 0.40 percent and 0.38 percent of total loans, which are better than the rates of 0.42 percent and 0.59 percent seen at the end of 2000.

Charge-offs for these segments of the industry were virtually nonexistent: 0.01 percent for savings banks and none for S&Ls.

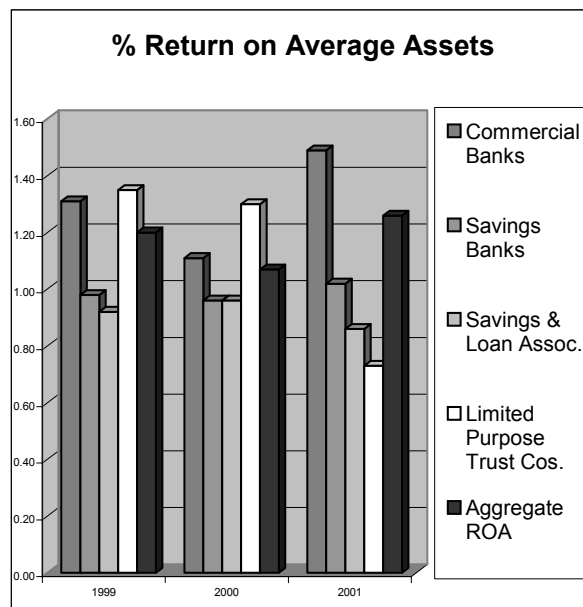
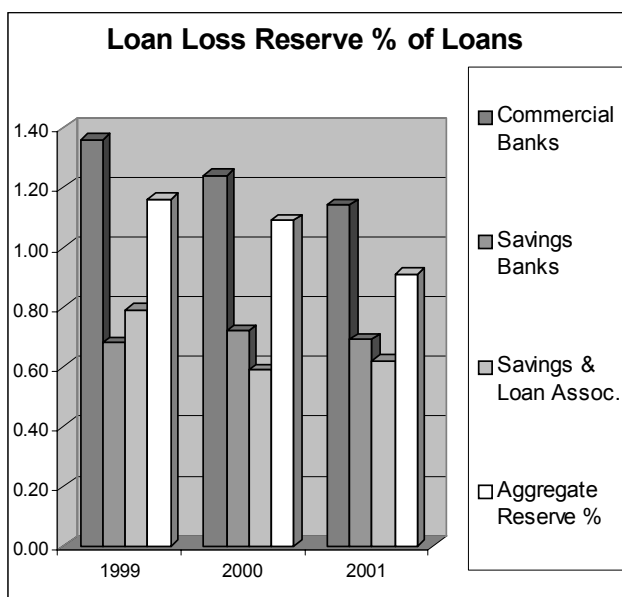
## BANKING



Commercial banks reported a somewhat higher level of delinquencies at 0.74 percent, which was still lower than the 0.79 percent level reported at the prior year-end. Commercial bank charge-offs, although up from 0.33 percent to 0.49 percent most recently, are nonetheless manageable given the higher reserve level for this industry segment.

**Capital** levels of all segments of the industry remain strong and are more than adequate to withstand business risk. The aggregate core capital ratio for the industry is 8.74 percent. Savings banks and S&Ls maintain the highest levels at 10.01 percent and 11.14 percent, while commercial bank core capital levels are somewhat lower at 7.62 percent.

Risk-based capital levels are also strong: 24.89 percent for savings banks and S&Ls, and 14.72 percent for commercial banks, for an aggregate industry profile of 18.58 percent. All core and risk-based capital ratios for individual industry far exceed minimum regulatory requirements.



### RECENTLY CERTIFIED BY NASCUS

The following financial examiners in the Office of Consumer Finance have been certified by the National Association of State Credit Union Supervisors (NASCUS).

Certified as State Credit Union Examination Supervisors are Martin Scahill, Chirs Lopes and Thomas Gray.

Certified as State Credit Union Examiners are: Sharon Abbey, Walter Sakala and Diane Ziegler.

The purpose of the NASCUS Certification Program is to provide recognition to superior state credit union examiners and to encourage continued professional development through the certification's required continuing education hours.

Certification is granted based on acquired technical skill as evidenced by a combination of formal technical education, on-the-job training and work experience, and an attestation by an organizational superior that appropriate skills have been acquired.

DOBI would like to take this opportunity to recognize these examiners who have achieved certification.



## BRANCH APPLICATIONS

| <i>Name</i>                    | <i>Address</i>                            | <i>County</i> | <i>Approved/Opened</i> |
|--------------------------------|---|---------------|------------------------|
| The Trust Company of NJ        | Route 79 & Ryan Rd., Marlboro             | Monmouth      | 07/05/01               |
| UnitedTrust Bank               | 177 Main St., Madison                     | Morris        | 07/18/01               |
| UnitedTrust Bank               | 900 South Ave., Westfield                 | Union         | 07/20/01               |
| Investors Savings Bank         | 300 South Ave., Garwood                   | Union         | 07/20/01               |
| Cornerstone Bank               | Himmelein Rd. & Stokes Rd., Medford       | Burlington    | 08/06/01               |
| The Community Bank of NJ       | 541 Sycamore Ave., Shrewsbury             | Monmouth      | 08/06/01 11/03/01      |
| Commerce Bank/North            | 8 Wyckoff Ave. at Goffle Rd., Wyckoff     | Bergen        | 08/06/01               |
| Atlantic Stewardship Bank      | 1111 Goffle Rd., Hawthorne                | Passaic       | 08/07/01               |
| Lakeland Bank                  | 1 Cedar Crest Village Dr., Pompton Plains | Morris        | 08/24/01 09/26/01      |
| Hopewell Valley Community Bank | 3800 Quakerbridge Rd., Hamilton Twp.      | Mercer        | 08/30/01 11/26/01      |
| UnitedTrust Bank               | West Caldwell Plaza, West Caldwell        | Essex         | 08/30/01 11/26/01      |
| NorCrown Bank                  | 30 Columbia Turnpike, Florham Park        | Morris        | 08/30/01 11/21/01      |
| Millington Savings Bank        | King George Rd., Basking Ridge            | Morris        | 09/28/01               |
| Investors Savings Bank         | Rte. 35 & Harmony Rd., Middletown Twp.    | Middlesex     | 09/28/01               |
| Investors Savings Bank         | Rte. 53 & Luger Rd., Denville Twp.        | Morris        | 09/28/01               |
| Interchange Bank               | 25 Main St., Hackensack                   | Bergen        | 11/15/01 01/28/02      |
| Trust Company of NJ            | Rte. 35 & Harmony Rd., Middletown Twp.    | Monmouth      | 11/20/01               |
| Peapack-Gladstone Bank         | 189 Center St., Clinton                   | Hunterdon     | 11/30/01 01/02/02      |
| Community State Bank           | 42 North Dean St., Englewood              | Bergen        | 11/30/01               |
| NorCrown Bank                  | 270 South Livingston Ave., Livingston     | Essex         | 12/11/01               |
| First Savings Bank             | 780 Easton Ave., Somerset                 | Somerset      | 12/19/01               |
| Advantage Bank                 | 224 South Main St., Flemington            | Hunterdon     | 12/27/01 03/18/02      |
| Manasquan Savings Bank         | 303-305 Highway 71, Spring Lake Heights   | Monmouth      | 12/31/01               |
| Manasquan Savings Bank         | 24 Princeton Av., Brick                   | Monmouth      | 12/31/01               |
| Spencer Savings Bank, SLA      | 220-228 Chestnut St., Roselle             | Union         | 01/15/02               |
| Somerset Valley Bank           | 34 Mountain Blvd., Building C, Warren     | Somerset      | 01/31/02               |
| Boiling Springs Savings Bank   | 217 Rock Rd., Glen Rock                   | Bergen        | 01/31/02               |
| Bridge View Bank               | 35 North Washington Ave., Bergenfield     | Bergen        | 02/06/02               |
| Bridge View Bank               | 819 Teaneck Rd., Teaneck                  | Bergen        | 02/06/02               |
| Bridge View Bank               | 245 Main St., Ridgefield Park             | Bergen        | 02/06/02               |
| Bridge View Bank               | 85 Jefferson Ave., Westwood               | Bergen        | 02/06/02               |
| Lakeland Bank                  | 321 West Main St., Boonton                | Morris        | 02/06/02               |
| The Bank                       | 1460 Marlton Pike, Rte. 70 W, Cherry Hill | Camden        | 02/14/02               |
| Investors Savings Bank         | 315 Routes 202/206, Bedminster            | Somerset      | 02/14/02               |
| Spencer Savings Bank, SLA      | 315 North Ave., Garwood                   | Union         | 02/22/02               |
| Peapack-Gladstone Bank         | 58 Mountain Blvd., Warren                 | Somerset      | 02/26/02               |
| Equity Bank                    | Marne Hwy. & Marter Ave., Moorestown      | Burlington    | 03/14/02               |
| Commerce Bank/North            | 1400 Palisade Ave., Fort Lee              | Bergen        | 03/14/02               |

## NEW STATE-CHARTERED BANKS

Fahnestock Trust Company  
382 Springfield Avenue  
Summit, NJ 07901  
(908) 598-0572  
Mr. James Little  
President & CEO  
APPROVED: 08/30/01  
OPENED: 10/22/01

Pascack Community Bank  
36 Jefferson Avenue  
Westwood, NJ 07675  
(201) 722-4722  
Mr. Robert J. Peters  
President & CEO  
APPROVED: 08/21/01  
OPENED: 02/19/02

Interim Sumitomo Trust & Banking Co.  
125 River Street  
Waterfront Corporate Park  
Hoboken, NJ 07030  
Mr. Tahahiro Nomoto  
President & CEO  
APPROVED: 01/07/02  
**UNOPENED**  
CONTACT: Bruce Ortwine  
212-418-4806



# ENFORCEMENT



## ADMINISTRATIVE ACTIONS, BANKING

| <i>Licensee</i>                     | <i>Type of Order</i>          | <i>Reason</i> | <i>Date of Order</i> | <i>Effective Date</i> | <i>Status</i>       |
|-------------------------------------|-------------------------------|---------------|----------------------|-----------------------|---------------------|
| Academy Cash Express Inc.           | Amended Suspension            | M,N,O         | 11/15/01             | 12/12/01              | Pending Final Order |
| All Checks Cashed, Inc.             | Notice of Final Order         | M             | 11/15/01             | 11/22/01              | Suspended           |
| Amerifirst Mortgage Corp            | Notice of Suspension Order    | N,O           | 11/15/01             | 12/17/01              | Pending Final Order |
| Exchange Holding Corp               | Notice of Final Order         | M             | 11/15/01             | 11/16/01              | Suspended           |
| Richard Eckert                      | Amended Suspension Order      | K,J           | 11/15/01             | 12/12/01              | Pending Final Order |
| Brucha Mortgage Bankers Corp.       | Notice of Suspension Order    | J             | 11/27/01             | 12/24/01              | Pending Final Order |
| Capital Mortgage Bankers Inc        | Amended Suspension Order      | J,M           | 11/27/01             | 12/24/01              | Pending Final Order |
| Cash Service Distributors Inc.      | Notice of Suspension Order    | M,Q           | 11/27/01             |                       | Corrected 02/05/02* |
| Community Lenders Corp.             | Notice of Final Order         | K             | 11/27/01             | 11/28/01              | Suspended           |
| First Bankers Mortgage Serv, Inc    | Notice of Final Order         | J             | 11/27/01             | 11/28/01              | Suspended           |
| First Nat'l Funding Corp.of America | Notice of Final Order         | M             | 11/27/01             | 11/28/01              | Suspended           |
| Kennedy Acceptance Corp.            | Notice of Suspension Order    | J,M           | 11/27/01             | 12/27/01              | Pending Final Order |
| Lviv Express Services, Inc.         | Notice of Suspension Order    | C             | 11/27/01             | 12/22/01              | Pending Final Order |
| Macro Funding                       | Notice of Suspension Order    | M             | 11/27/01             | 12/24/01              | Pending Final Order |
| Modern Capital Corp.                | Notice of Suspension Order    | J,M           | 11/27/01             | 01/01/02              | Pending Final Order |
| Smarter Finance Inc                 | Notice of Suspension Order    | M             | 11/27/01             | 12/26/01              | Pending Final Order |
| The Mortgage Pros                   | Notice of Suspension Order    | M             | 11/27/01             | 12/24/01              | Corrected 12/19/01* |
| Thomas Bush Company, Inc.           | Notice of Final Order         | J             | 11/27/01             | 11/28/01              | Suspended           |
| United Check Cashing                | Notice of Suspension Order    | M             | 11/27/01             | 12/24/01              | Pending Final Order |
| VCJ Funding                         | Notice of Suspension Order    | M             | 11/27/01             | 12/17/01              | Pending Final Order |
| Liberty Mortgage                    | Notice of Final Order         | M             | 11/30/01             | 12/01/01              | Suspended           |
| Consumer Acceptance Ret. Serv. Inc. | Notice of Suspension Order    | M             | 11/30/01             | 12/25/01              | Corrected 02/04/02* |
| Premier Funding Corporation         | Notice of Suspension Order    | M             | 11/30/01             | 12/17/01              | Pending Final Order |
| Academy Cash Express Inc.           | Notice of Final Order         | M,N,O         | 12/19/01             | 12/21/01              | Suspended           |
| Gelt Financial Corporation          | Notice of Suspension Order    | C             | 12/19/01             | 01/08/02              | Corrected 01/16/02* |
| USA Funding                         | Notice of Suspension Order    | G             | 12/19/01             |                       | Corrected 01/29/02* |
| SandExpress, Inc.                   | Consent Order                 |               | 01/31/02             |                       | Revoked             |
| Lviv Express Services, Inc.         | Notice of Final Order         | M             | 02/06/02             | 02/07/02              | Corrected 02/25/02* |
| Brucha Mortgage Bankers Corp        | Notice of Final Order         | J             | 02/06/02             | 02/07/02              | Suspended           |
| Executive Mortgage Services, Inc.   | Amended Suspension Order      | K             | 02/06/02             | 02/26/02              | Pending             |
| Amerifirst Mortgage Corp            | Notice of Suspension Order    | O             | 02/06/02             | 02/26/02              | Pending             |
| Capital Mortgage Bankers Inc        | Notice of Final Order         | J-M           | 02/06/02             |                       | Suspended           |
| Macro Funding                       | Notice of Final Order         | M             | 02/06/02             | 02/07/02              | Suspended           |
| Michael Rullo Jr.                   | Consent Order Susp. & Penalty |               | 02/14/02             |                       | Lfted 02/18/02      |
| Al Habib Money Transfer Corp.       | Notice of Suspension Order    | M             | 03/12/02             |                       | Corrected 04/04/02* |
| Guaranteed Home Mortgage Co. Inc.   | Notice of Penalty Order       | J             | 03/12/02             | 04/09/02              | Pending Final Order |
| Kennedy Acceptance Corp.            | Notice of Final Order         | J,M           | 03/12/02             | 03/13/02              | Suspended           |
| Neway Financial Services Inc.       | Notice of Susp. & Penalty     | M             | 3/12/102             | 04/07/02              | Pending Final Order |
| Volvo Car Finance Inc.              | Amended Suspension Order      | J,M           | 3/12/102             | 04/21/02              | Pending Final Order |
| Anvil Mortgage Banking, Ltd.        | Notice of Final Order         | M             | 3/22/102             | 03/23/02              | Suspended           |
| Executive Mortgage Services, Inc.   | Notice of Final Order         | N,P           | 3/22/102             | 03/23/02              | Suspended           |
| JP Funding Inc.                     | Notice of Suspension Order    | A,J,M         | 3/22/102             |                       | Pending Final Order |
| United Financial Planning Co.       | Notice of Susp. & Penalty     | M             | 3/22/102             | 04/14/02              | Pending Final Order |

### REASON CODES

|  |   |   |
|--|---|---|
| A-Failure to file 1998 annual report       | G-Dishonored check issued to department     | L-Revocation and barred sell money orders |
| B-Unlicensed activity and penalty          | H-Failure to fund mortgage loans            | M-Failure to file 2000 annual report      |
| C-Late filing penalty for annual report    | I-90 Day Emergency Suspension/Check Cashier | N-Failure to respond to examination       |
| D-Failure to file 1997 annual report       | J-Failure to file 1999 annual report        | O-Address change violation                |
| E-Failure to maintain surety bond coverage | K-Failure to pay examination bill           | P-Failure to pay penalty                  |
| F-Failure to notify of prior suspension    |   |   |

\*Order Resinded

## INSURANCE FINES

♦ **AETNA U.S. Healthcare, Inc. (NJ)** - \$150,000 for pursuing recovery of monies paid on behalf of policyholders who had coverage through AETNA as primary payee for medical expenses resulting from personal injuries sustained in auto accidents, when such recovery was not authorized by New Jersey law.

♦ **Anthem Health & Life Insurance Company of New York** - \$60,000 for using a selective contracting arrangement that had not been approved by the Commissioner; failing to issue new certificates of insurance coverage for business acquired from another insurer; failing to file in a timely manner, the Small Employer Health (SEH) – Exhibit CC Market Share Report; utilizing SEH rates that included an incorrectly applied trending factor and did not provide an informational SEH rate filing to the Department; renewing small group policies with placements in three rating tiers rather than four tiers; and acquiring nonstandard SEH plans from another insurer and failing to file rate plans with the Department as well as renewing plans, utilizing higher rates than those previously filed with the Department.

♦ **Atlantic Southern Dental Foundation** - \$1,500 for failing to file in a timely manner three prompt payment reports.

♦ **Bankers Insurance Company** - \$5,000 for allowing an unregistered insurance purchasing group to submit requests for property and casualty insurance on behalf of New Jersey risks; allowing the representative of the purchasing group and/or the purchasing group to transact insurance business in New Jersey without a producer license; and for issuing of certificates of insurance to New Jersey risks without a Certificate of Authority.

♦ **Connecticut General Life Insurance Company and CIGNA Healthcare of New Jersey, Inc.** - \$600,000 as a result of 1994 and 1997 market conduct examinations of Connecticut General which revealed certain instances where the company's practices did not comply with departmental standards and for CIGNA Healthcare issuing numerous renewal notifications of premium rate increase that were contrary to departmental regulations.

♦ **First Trenton Indemnity Company** - \$15,000 for instances disclosed during a 1998 market conduct examination where First Trenton's complaint handling procedure, claims practices, policy termination practices and underwriting practices were not in compliance with departmental standards.

♦ **Great Lakes Warranty Corporation** - \$5,000 for the unauthorized transaction of insurance business in New Jersey

♦ **Horizon Healthcare Services, Inc. and Horizon Healthcare of New Jersey, Inc.** - \$200,000 for instances of claims adjudication that resulted in complaints being filed with the Department relative to private duty nursing benefits that had been reduced below a level required by the subscriber's contract; misrepresentations that

physical therapy benefits had been exhausted, although such benefits were still available under home healthcare; misrepresentations that chiropractic benefits were subject to prior authorization and denials of therapy benefits for biologically based mental illness.

♦ **Lancer Insurance Company** - \$2,000 for failing to file in a timely manner its year 2000 Excess Profits Report.

♦ **Manhattan National Life Insurance Company and Conesco Medical Insurance Company** - \$8,500 for failing to file revisions to a SEH rate filing within 30 days of a request from the Department and not having rates on file from July 1, 2000 to October 18, 2000.

♦ **Union Labor Life Insurance Company** - \$75,000 for issuing forms to New Jersey residents when the forms themselves and the rates used for such forms had not been approved by the Department; issuing five health benefit plans with an network and out-of-network benefits without obtaining approval from the Department; and unapproved forms to two groups; and using an unapproved rider form to provide in-network and out-of-network benefits under existing contracts to four groups.

♦ **Unity Mutual Life Insurance Company** - \$15,000. for issuing group funeral certificates to New Jersey residents that provided benefits that were inadequate in relation to premium and issuing these certificates using either an unfiled and/or disapproved form.

## PRODUCER FINES

♦ **Brown, Albert E., Newark** - \$1,500 for failing to promptly satisfy or move to vacate judgments obtained by the NJAFIUA and the MTF for unearned commissions.

♦ **Coulter Insurance Services, Inc., Maplewood** and its active officer **Jessica S. Coulter, Glen Cove, New York** - \$10,000 for the untimely remittance of insurance premium payments; issuing insufficient fund checks; failing to timely satisfy a judgment entered on behalf of an insured; failing to respond in a timely manner to departmental inquiries; and failing to maintain required records.

♦ **Feit, James J., Morris Plains** - \$1,500 for misleading and deceptive life insurance solicitations.

♦ **Group 21 Title Agency, LLC, Marlton** and its active officer, **Brian C. Klous, Haddonfield** - \$1,400 for releasing funds from a real estate proper settlement escrow account without the consent or knowledge of the seller.

♦ **J. Lyons Enterprises, In., Cherry Hill** and its active officer **John H. Lyons, Audubon** - \$2,000 for issuing advertisement letters which incorrectly represented that a filed trade name was a corporation and for representing to various individuals having purchased properties from the U.S. Department of Housing and Urban Development that they would realize a substantial savings of \$325 if the agency was permitted to do the settlement and property closing, when, in fact, there would be no savings.

## ENFORCEMENT



♦**Jersey State Insurance Services, Corp., Hamilton Square** and its active officer **Robert H. Husak, Robbinsville** - \$500 for submitting applications to NJPAIP which resulted in various deficiencies being assessed by NJPAIP.

♦**Legacy Title Agency, LLC, Berlin, Title America Corporation, Berlin**, and their active officer **Ruthann W. Arnold. Atco** - \$25,000 for the pattern and practice of the buyers of real estate receiving an inducement to insure, namely, free upgrades to the houses being purchased and a reduction in the purchase price from the seller of the real estate, when the buyers elected Legacy Title to conduct the closings and the subsequent issuance of title insurance policies.

♦**Longo Agency, Inc., Bayonne** and its active officer **James R. Miller, Secaucus** - \$750 for failing to return, within five business days, the full amount of a refund due an insured.

♦**Matthews, Rudolph T., Maplewood** - \$500 for transacting insurance business without a current producer license.

♦**Menco Insurance Agency, Mt. Ephraim**, and its active officer **Louise J. Mantini, Somerdale** - \$1,000 for preparing a "Certification of Effort to Place Risk with an Authorized Insurer" form which incorrectly represented that a diligent effort was made to procure the insurance from three authorized insurers.

♦**Oh, Jong S., Newton, PA** - \$3,000 for failing to establish and maintain a trust account; failing to issue receipts for premium payments; failing to maintain minimum record keeping of premium transactions; and changing her business without proper notification to the Commissioner.

*A \$250 fine has been imposed on the following licensees for failure to notify the department of changes in business and/or residence addresses:*

|  |                   |
|--|-------------------|
| <b>Aquino, Rosa M.</b>                 | Rahway            |
| <b>Ashurst Processing Agency, Inc.</b> | Mt. Laurel        |
| <b>Bertone, Cheryl</b>                 | Parsippany        |
| <b>Biondi Pleva, Eileen</b>            | Wilmington, DE    |
| <b>Catelli, Robert</b>                 | Bala Cynwyd, PA   |
| <b>Cayetano, Immanuel</b>              | Fresh Meadows, NY |
| <b>Changas-McNab, Mirna</b>            | Edison            |
| <b>Chaux, Myriam R.</b>                | Wayne             |
| <b>Concepcion, Linda</b>               | Maplewood         |
| <b>Coughlin, Terrance</b>              | Franklin Lakes    |
| <b>Coulter, Richard</b>                | Freehold          |
| <b>Cox, Michael D.</b>                 | Westbury, NY      |
| <b>Cuenca, Marco Eli</b>               | Collegedale, TN   |
| <b>DeCartno, Rosalinda B.</b>          | Livingston        |
| <b>DiNello, Marco</b>                  | Montville         |
| <b>Dodd, Maria</b>                     | Fairfield         |
| <b>Drucker, Lance</b>                  | Woodcliff Lake    |
| <b>Fine, Bernie</b>                    | Fayetteville, NY  |
| <b>Franco, Randi K.</b>                | Kinnelon          |
| <b>Gamba, Jason T.</b>                 | Bala Cynwyd PA    |
| <b>Gasalberti, Ronald L.</b>           | Lodi              |
| <b>Gerst, Barry M.</b>                 | Fairfield         |

**Gordi, Regina**  
**Gordon, Jacques A.**  
**Hagel Burski, Karen**  
**Hall, Irene M.**  
**Hernandez, Evelyn**  
**Hittinger, Eddie**  
**Hogan, Ronold T.**  
**Huttick, Edward D.**  
**Jones, Kimberly**  
**Klitzke, Bradley Burton**  
**Kohlhausen, Barbara**  
**Krutkova, Beata**  
**Kyritsis, Gregory**  
**Laksbergs, Carissa**  
**Laws, Doris**  
**Lepore, Leonard A.**  
**Logsdon, John**  
**Lombardo, David M.**  
**McCord, Sabita**  
**McDermott, Michaela**  
**McFarlane, Robert P.**  
**McManus, Leo J.**  
**Meaddos, Vickie**  
**Menditto, George E.**  
**Milagnos, Didio**  
**O'Brian, Diane M.**  
**O'Connor, Daniel J.**  
**Ochoa, Edwardo F.**  
**Ozdemir, Faith**  
**Pace, Robert F.**  
**Parra, Maria G.**  
**Petti, Clare R.**  
**Picker, John L.**  
**Polk, Willie**  
**Rabasca, Albert J.**  
**Rainaldi, Frank L.**  
**Rasmussen, Jeffrey W.**  
**Reinhardt, Ronald J.**  
**Richards, Ronald**  
**Romano, William A.**  
**Rosenblum, Leon S.**  
**Rossi, Albert A.**  
**Strohmeyer, Gail M.**  
**Sullivan, Robert J.**  
**Taylor, Harry I. Jr.**  
**Tully, Thomas**  
**Turner, Charles**  
**Ure, Christopher**  
**Viegas, Theogenes**  
**Viswanathan, Krishnamurthy**  
**Wakefield, Kenneth**  
**Wakefield, Ted A.**  
**Waldman, Stephen**  
**Weir, Patrick G.**  
**West, Lisa E.**  
**Yoon, Christine H.**  
**Zahn, Richard F.**

**Monroe Twp.**  
**West Orange**  
**Maplewood**  
**Nutley**  
**Maplewood**  
**Cliffside Park**  
**Wayne**  
**Ardsley, New York**  
**Malvern, PA**  
**Albertville, MN**  
**Nanuet, NY**  
**Perth Amboy**  
**New Providence**  
**San Antonio, TX**  
**Montclair**  
**Chatham**  
**New York, NY**  
**Hoboken**  
**Jersey City**  
**Jersey City**  
**Warren**  
**Philadelphia, PA**  
**Omaha, NE**  
**Mahwah**  
**Union City**  
**Milltown**  
**Bridgewater**  
**North Bergen**  
**Nutley**  
**Hackettstown**  
**Washington**  
**Paramus**  
**Rocky Hill**  
**Elizabeth**  
**Montclair**  
**Mendham**  
**Westborough, MA**  
**Shorthills**  
**Lodi**  
**Flanders**  
**Fair Lawn**  
**Hoboken**  
**Demarest**  
**Farmingdale, NY**  
**Lansdale, PA**  
**Maplewood**  
**Paterson**  
**Weston, FLA**  
**Livingston**  
**Mahwah**  
**Langhorne, PA**  
**Ames, IA**  
**Dallas, TX**  
**Orangeburg, NY**  
**Amarillo, TX**  
**New Milford**  
**Califon**

### MISREPRESENTATION ON A LICENSE APPLICATION

| Name                                 | Location        | Fine  |
|--------------------------------------|-----------------|-------|
| <b>CRES Insurance Services, Inc.</b> | San Diego, CA   | \$250 |
| <b>Jones, Dawn M.</b>                | Bordentown      | \$250 |
| <b>Martucci, Louis A.</b>            | Trenton         | \$500 |
| <b>Olivieri, Benny T.</b>            | Jersey City     | \$250 |
| <b>Silva, Ana C.</b>                 | North Arlington | \$500 |
| <b>Smith, Lawrence</b>               | East Orange     | \$500 |

### REVOCATIONS/SUSPENSIONS

♦ **Buys, David W., Montville** – Revocation for entering a plea of guilty to misappropriation of Entrusted Funds.

♦ **D'Angelo, Domenick, Deptford** – 180 day license suspension and a \$1,500 fine because his real estate salesperson license was revoked in 1997 for a period of 5 years by the New Jersey Real Estate Commission.

♦ **Durkee, Cathy, Toms River** – Revocation for intentionally submitting an auto insurance application to an insurer that contained false information.

♦ **Merola, John East Brunswick** – Revocation of his public adjuster license, \$3,000 in fines and restitution of \$4,500 for presenting to an insurer an undated "Job Invoice" and Proof of Loss that misrepresented the nature and extent of the damages; preparing and presenting a "Job Invoice" to an insured requesting payment of excessive and unsubstantiated phone charges, copy costs, mileage and claim check pickup costs; failing to perform repairs or properly repair damages to a home for which he had been compensated by an insurer; using non-complaint public adjuster compensation agreement; using the non-complaint agreement after being told by the Department that agreement did not meet departmental standards; and failing to maintain accurate files, books and records regarding certain transactions.

♦ **Ontell Agency, Inc., and its active officer Lawrence P. Ontell, Wayne** – 90 day license suspension for Lawrence P. Ontell and two separate \$2,500 fines for providing a bank with an altered auto insurance policy declarations page.

♦ **Rossi, Marc, Trenton** – Revocation of his public adjuster license for using a written agreement that did not comply with departmental standards.

♦ **Harutyun Purut, Wyckoff** – Revocation for pleading guilty to a crime of Attempt to Endanger the Welfare of a Child.

### REAL ESTATE FINES

**Rene Paneque, former salesperson, Hudson County.** After a full hearing on September 18, 2001, at which Paneque failed to appear, the Commission found that Paneque had violated N.J.S.A. 45:15-17(a) making a substantial misrepresentation,

17(e) unworthiness, bad faith or dishonesty and 17(n) procuring a license by fraud, misrepresentation or deceit, by failing to disclose two criminal convictions for theft on an application for licensure. The Commission revoked Paneque's eligibility to hold a real estate license for seven years and imposed a \$3,000 fine.

**Henry D'Alessandro, broker, Morris County.** On September 25, 2001, the Commission approved a settlement wherein D'Alessandro admitted that he had failed to promptly deposit monies received as an escrow agent in a real estate transaction as required by N.J.A.C. 11:5-5.1. Under the terms of the settlement, D'Alessandro is required to complete the 30-hour broker prelicensure course on office management.

**David Sheridan, broker-salesperson, Ocean County.** On October 2, 2001, after a full hearing on the matter, the Commission rendered a decision finding Sheridan had violated N.J.S.A. 45:15-17(e), conduct demonstrating incompetency, and 17(p) for failing to disclose his interest in the property as an investor with the seller in the contracts of sale on two real estate transactions. The Commission imposed a fine in the amount of \$6,000. Sheridan was found not to have committed other violations that had been alleged.

**Joseph F. Catalano, salesperson, Salem County.** On October 2, 2001 after a full hearing at which Catalano did not appear, the Commission found that Catalano had violated N.J.S.A. 45:15-17(e), unworthiness, bad faith and dishonesty and 17(n), procuring a license by fraud, misrepresentation or deceit, and that he did not meet the criteria for licensure under N.J.S.A. 45:15-9 because he failed to disclose on a license application that a criminal indictment was pending against him. The Commission revoked his license for 3 years and fined him \$1,000.

**Mary Smith, salesperson, and Walter H. Simmons, broker, Morning Star Realty, Essex County.** On October 30, 2001, after a full hearing, Smith was found to have violated N.J.S.A. 45:15-17(a), making a substantial misrepresentation, 17(d) and 17(o) for commingling and misappropriation of escrow deposit monies, (e) demonstrating unworthiness and failure to comply with a duly issued subpoena, and 17(l), conduct constituting fraud or dishonest dealing. Her license was revoked for 5 years, and she was assessed a fine of \$6,000. Simmons was found to have violated N.J.A.C. 11:5-5.1(b) in failing to report an escrow account to the Real Estate Commission, N.J.S.A. 45:15-17(o) for the commingling of escrowed deposit monies, and N.J.A.C. 11:5-4.2 and 4.3 in failing to supervise the activities of Mary Smith, a salesperson in his office. Simmons' license was revoked for 5 years.

**Matthew Kairen, salesperson, Morris County.** After a full hearing on October 16, 2001, the Commission entered an Interim Order suspending Kairen's license pursuant to N.J.S.A. 45:15-19.2 pending the final outcome of a criminal indictment pending against him for theft.

**Vernon L. Lucas, salesperson, Bergen County.** On October 23, 2001, after a full hearing, the Commission found that Lucas



## ENFORCEMENT



was in violation of N.J.S.A. 45:15-17(e), unworthiness, and 17(n) in that he procured a real estate license by fraud, misrepresentation or deceit when he made a misrepresentation regarding pending criminal charges against him. He also failed to comply with a duly issued subpoena. His license was suspended until June 30, 2003, and he was fined \$1,000. If the outstanding criminal charges are resolved favorably, he can apply for reinstatement of his license and the fine will be waived.

**Mark Grimes, broker, Ocean County.** On November 13, 2001, the Commission approved a settlement wherein Grimes admitted to violations of N.J.S.A. 45:15-17(a), misrepresentation and (e), incompetency or unworthiness, when he failed to promptly file a report of sale and promptly turn over a commission check to his employing broker and represented himself as a broker/owner on a business card. Grimes' license was placed on probation for one year and he agreed to pay a \$12,500 fine.

**Stephen Hamilton, broker, Bergen Realty Group, broker, and Nazrul Huda, salesperson, Bergen County.** On November 27, 2001, the Commission approved settlements in regard to alleged violations involving the rental referral operations of Bergen Realty Group. Hamilton admitted to having violated N.J.A.C. 11:5-4.2, 11:5-4.4 and 11:5-6.5 when he failed to supervise the office and operations of Bergen Realty Group, which led to BRG's failure to comply with the rules and regulations governing rental referral agencies. BRG admitted that it did not obtain the written permission of owners of rental units to advertise those units, and did not verify the availability of those units on a regular basis, violations of N.J.A.C. 11:5-4.4 and 11:5-6.5. BRG, through its President/Owner Rey Hernandez, agreed to a one-year term of probation and to pay a fine in the amount of \$10,000. Nazrul Huda admitted to a violation of N.J.S.A. 45:15-17(e) in supervising the office and operations of BRG in the absence of the broker of record, and in failing to comply with N.J.A.C. 11:5-6.5. Huda agreed to a one-year term of probation and to pay a fine in the amount of \$1,500.

**John A. Sesta, broker-salesperson and licensed real estate instructor, Ocean County.** On December 4, 2001, the Commission approved a settlement whereby Sesta admitted to a violation of N.J.S.A. 45:15-17(e), incompetency or unworthiness, for instituting a lawsuit for the collection of compensation for his services as a real estate agent against a person other than his employing broker. He agreed to a one-year term of probation and to pay a \$2,000 fine.

**Patricia Brownlee, salesperson, Monmouth County.** On December 11, 2001, after a full hearing, the Commission found that Brownlee had violated N.J.S.A. 45:15-17(e), unworthiness and bad faith, 17(h), being convicted of a crime, knowledge of which the Commission did not have at the time of issuing a license to her, and 17(n) in procuring a license by misrepresentation when she failed to disclose a prior criminal conviction on two separate license applications. The Commission further found that she did not qualify for licensure under N.J.S.A.

45:15-9 because the prior conviction was directly related to her activities as a real estate salesperson. The Commission considered mitigating factors and suspended Brownlee's license until June 30, 2003, at which time she would have to requalify for licensure.

**Diane E. Armstrong, broker, Middlesex County.** On December 11, 2001, after a full hearing, the Commission found that Armstrong had violated N.J.S.A. 45:15-17(e), unworthiness, bad faith and dishonesty and 17(o), for commingling and misappropriation of escrow deposit monies, and submitting a check to the Real Estate Commission for license renewal fees which was returned for insufficient funds. Her broker's license was revoked for 5 years, and she was assessed a fine of \$2,500. She will be eligible to apply to hold a salesperson's license after June 11, 2002.

**William Aviles, t/a National Financial Services, and t/a United Credit Services, Hudson County.** After a full hearing on January 8, 2002, at which Respondent failed to appear, the Commission found Aviles guilty of violations of N.J.S.A. 45:15-1 and 45:15-3, unlicensed activity and N.J.S.A. 45:15-17(a) and (t) for misrepresenting himself as a licensed real estate broker. The Commission ordered Aviles to cease and desist from all real estate brokerage activity in New Jersey and imposed a fine of \$10,000. He was also ordered to make restitution to several victims.

**Teresa Veltri, salesperson, Ocean County.** On January 15, 2002, the Commission approved a settlement wherein Veltri admitted to violations of N.J.S.A. 45:15-17(e), unworthiness, 17(h) being convicted of a crime at which the Commission had no knowledge when it issued a license to her, and 17(n), procuring a license by misrepresentation when she failed to disclose a criminal conviction to the Commission on her application for a salesperson's license. Veltri agreed to surrender her license with prejudice for a period of three years and to pay a fine in the amount of \$500.

**Neal Silberberg, broker, Middlesex County.** On February 5, 2002, after a full hearing, the Commission found that Silberberg had violated N.J.S.A. 45:15-17(a) making substantial misrepresentations and 17(e) incompetency, by signing blank HUD form contracts that attested to certain requirements having been fulfilled, including the receipt of deposit monies, before the payment had been made. The Commission ordered Silberberg to complete the two 30-hour broker prelicensure courses on ethics/agency and on office management and ordered that he pay a fine in the amount of \$2,500.

**Robert G. Pelle, salesperson, Middlesex County.** On February 5, 2002, the Commission approved a settlement wherein Pelle admitted to having violated 45:15-17(e), incompetency, and 17(a), making a negligent misrepresentation when he showed a property to a prospective buyer when that property was not for sale, and prepared a contract of sale on another property, representing it as the property that the buyer had actually seen. Pelle agreed to pay a fine in the amount of \$1,500 and to again complete the salesperson's prelicensure education course. His license will be held on probation for one year.



license pursuant to N.J.S.A. 45:15-19.1 based on DiDonna's recent conviction on the crime of conspiracy to defraud. The license was revoked until further Order of the Commission.

**Marilyn L. Thompson, salesperson, Union County.** On March 12, 2002, after a full hearing, the Commission found that Thompson violated N.J.S.A. 45:15-17(n), procuring a license by misrepresentation, fraud or deceit, 17(e), conduct demonstrating unworthiness, bad faith and dishonesty, by failing to disclose numerous criminal convictions for theft and shoplifting on her application for a salesperson's license, and 17(h), being convicted of crimes which the Commission did not have knowledge of at the time it issued a license to her. The Commission further found that she was ineligible to hold a real estate license pursuant to N.J.S.A. 45:15-9 because the conduct underlying her convictions and her failure to disclose them established that she did not possess the good character, honesty, integrity and trustworthiness that all candidates for licensure must demonstrate they possess. Thompson's license was revoked through June 30, 2003.

**Timothy J. Richards and T.J. Richards, Inc., brokers, Cape May County.** On March 26, 2002, the Commission approved a settlement wherein Richards admitted to violations of N.J.S.A. 45:15-17(d), failing to account for or to pay over monies

belonging to others which came into his possession as escrow agent or the temporary custodian of the funds of others in real estate sale and rental transactions, 17(e), unworthiness, and 17(o) for commingling and misappropriation of escrow deposit monies. Richards consented to a lifetime revocation of his broker's license and a fine of \$5,000. He will be eligible to apply for a salesperson's license in five years, which would be held on a probationary basis for a period of two years. He also must make restitution to numerous clients on sale and rental transactions and must divest himself of his ownership interest in any licensed entity. If he fails to make restitution, the Commission can impose further penalties. Richards admitted having diverted to his own business use over \$200,000 of rent receipts and escrow deposit monies.

**Anna Papasavvas, salesperson, Middlesex County.** On April 9, 2002, the Commission approved a settlement wherein Papasavvas admitted to violating N.J.S.A. 45:15-17(n), procuring a license by misrepresentation, when she failed to disclose one shoplifting conviction on her license application, and 17(e), in that the conduct underlying her conviction demonstrated unworthiness for licensure. Papasavvas agreed to have her license held on probation for two years, to undergo a psychological evaluation, and to pay a \$1,000 fine.

### FUNERAL HOME SCHEME

CONTINUED FROM PAGE 5

guilty of two counts of second-degree attempted theft by deception, one count of third-degree witness tampering, four counts of fourth-degree falsifying records, and two counts of fourth-degree forgery.

Mollie Conyers was found guilty of one count of second degree attempted theft by deception.

No date has yet been set for the criminal case as to L.C. Thomas.

William Conyers is a licensed funeral director who owned and operated the Conyers Funeral Home located in Hackensack, New Jersey. His wife, Mollie, assisted him in running the funeral home business. The couple were found guilty by the jury of falsifying several life insurance applications submitted to the American National Insurance Company and the Lincoln Benefit Life Insurance Company to obtain life insurance policies. The applications were falsified in several ways.

The life insurance applications falsely represented to insurance companies that the persons whose lives were insured did not have pre-existing medical conditions.

However, at trial, the jury learned that those persons did have pre-existing medical conditions, such as HIV. By concealing the fact that the insured persons had HIV, the couple attempted to deceive the insurance companies into issuing life insurance policies that the companies ordinarily would not have issued had they known of the medical conditions of the persons whose lives were insured.

Additionally, the life insurance applications were falsified in that they represented that the beneficiaries of the life insurance policies had an insurable interest in the lives of the persons who were insured. An insurable interest essentially means that the life insurance beneficiary has either a familial or economic interest in the life of the person who is insured, so that when the insured person dies, the beneficiary can be paid the proceeds of the life insurance policy. Without such an insurable interest, a person cannot obtain a life insurance policy on the life of another. In this case, the Conyers falsified the life insurance applications by naming persons, including members of the Conyers family, as beneficiaries when such beneficiaries had no insurable interest in the lives in the persons

who were insured.

The indictment alleged that L.C. Thomas, an insurance agent licensed in New Jersey at the time this conduct occurred, assisted the pair in writing these insurance policies.

The indictment charged that William Conyers, Mollie Conyers, and L.C. Thomas falsified these life insurance applications on various dates between May 10, 1994 and November 26, 1999. The policies were not paid because the two insurance companies became aware that the applications were falsified. However, the several falsified policies represented life insurance benefits in excess of \$1,200,000.

Office of the Insurance Fraud Prosecutor State Investigators Thomas Harrington and Supervising State Investigator Philip Larkin were the lead investigators in this case. They were assisted by State Investigators Robert Stemmer, Darrell Washington, Ronald Williams, Brian Haggerty, Anthony Luyber, Joseph Luccarelli, Lisa Lenox, and Civil Investigator George Meyers, Sr. Deputy Attorney General Lewis Korngut prosecuted the case for the State.

## ***RULE ADOPTIONS***

The Office of Regulatory Affairs adopted the following rules during the period between July 1, 2001, and March 31, 2002. Copies of these rule adoptions can be viewed on the Department's web page, at the following location:

<http://www.state.nj.us/dobi/legsregs.htm>

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| Viatical Settlements: Adopted New Rules: N.J.A.C. 11:4-35  | Effective 07/02/01   |
| Medical Fee Schedules: Automobile Insurance Personal Injury Protection and Motor Bus Medical Expense Insurance Coverage<br>Adopted Amendments: N.J.A.C. 11:3-29.3 and 29.4, Adopted Repeal: N.J.A.C. 11:3-29.6<br>Adopted New Rules: N.J.A.C. 11:3-29 Appendix, Exhibits 1, 3, 4 and 5 | Effective 07/16/01   |
| Rate Intervenor Rules: Adopted New Rules: N.J.A.C. 11:3-17,<br>Adopted Amendments: N.J.A.C. 11:3-18.6  | Effective 08/06/01   |
| Qualified Educational Institutions: Adopted New Rules: N.J.A.C. 3:35   | Effective 09/04/01   |
| Electronic Receipt and Transmission of Health Care Claim Information:<br>Standard Enrollment and Claim Forms, Adopted New Rules: N.J.A.C. 11:22-3  | Effective 10/01/01   |
| Minimum Standards for Specified Disease and Critical Illness Coverages<br>Adopted New Rules: N.J.A.C. 11:4-53, Adopted Amendment: N.J.A.C. 11:4-16.5   | Effective 10/01/01   |
| Office of the Insurance Claims Ombudsman: Adopted New Rules: N.J.A.C. 11:25  | Effective 10/15/01   |
| Standards for Individual Life Insurance Policy Forms;<br>Individual Annuity Contract Form Standards; Standards for Contracts on a Variable Basis<br>Adopted Amendments: N.J.A.C. 11:4-41.3 and 41.10, 43.3 and 43.5, 44.3 and 44.4   | Effective 11/05/01   |
| Life/Health/Annuity Forms: Adopted Amendments: N.J.A.C. 11:4-40.3, 40.5 and 40.9   | Effective 11/05/01   |
| Actuarial Requirements for Flexible-Factor Policy Forms: Adopted Amendments: N.J.A.C. 11:4-47  | Effective 11/05/01   |
| Rate Intervenor Rules: Definition of Substantial Contribution;<br>Procedures for Intervening in a Rate Filing Adopted Amendments: N.J.A.C. 11:3-17.2 and 17.6  | Effective 11/19/01   |
| Persons Employed in the Business of Insurance Convicted Persons; Waivers<br>New Jersey Department of Banking and Insurance<br>Adopted New Rule: N.J.A.C. 11:17E-1  | Effective 12/03/01   |
| Expedited Rate Filings — Calculations for Private Passenger Automobile Insurance Rate Changes<br>Adopted New Rules: N.J.A.C. 11:3-16B  | Effective 12/17/01   |
| Legal Services Insurance Readoption with Amendments: N.J.A.C. 11:12  | (Readoption) Effective 11/08/01<br>(Amendments) Effective 12/17/02 |
| Minimum Standards for Specified Disease and Critical Illness Coverages — Loss Ratio Standards<br>Adopted Amendments: N.J.A.C. 11:4-53.6 and 11:4-53 Appendix Exhibit A   | Effective 01/07/02   |
| General Provisions Capital Requirements of New Depositories Applying for Charters<br>Adopted Amendments: N.J.A.C. 3:1-2.1, 2.18 and 2.19   | Effective 02/04/02   |
| Medical Fee Schedules: Automobile Insurance Personal Injury Protection and Motor Bus Medical Expense Insurance Coverage<br>Dental Fee Schedule<br>Adopted New Rule: N.J.A.C. 11:3-29 Appendix, Exhibit 2   | Effective 03/04/02   |

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## LEGAL

her license when due. N.J.S.A. 45:15-10: Coyle v. New Jersey Real Estate Commission, 280 N.J. Super. 93, 96 (App. Div. 1994). The educational requirements to initially obtain a salesperson's license require that nine hours of the total 75 course hours be devoted to the License Act and regulations. Therefore, not only is the world on notice of the two-year renewal requirement by virtue of the statute, but licensees, such as appellant, are specifically on notice of the requirement by virtue of their required education. Appellant has not been deprived of due process, because her training afforded all of the process that was due her in connection with her license."

These rulings provide an occasion for the Commission to reiterate advisories it has previously rendered on this issue that each individual licensee is responsible for the status of his or her own license. As the Valle and Murphy opinions demonstrate, New Jersey's courts have consistently affirmed the legal correctness of the Commission's position on this point.



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